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RUEHBUL/AMEMBASSY KABUL 2659  
RUEHKT/AMEMBASSY KATHMANDU 5364  
RUEHLO/AMEMBASSY LONDON 9337  
RUEHMO/AMEMBASSY MOSCOW 7823  
RUEHKO/AMEMBASSY TOKYO 3074  
RUEHCI/AMCONSUL CALCUTTA 3132  
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RUEHKP/AMCONSUL KARACHI 3339  
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RUEHPW/AMCONSUL PESHAWAR 3061  
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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 002532

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TAGS: [MNUC](#) [PREL](#) [ENRG](#) [EPET](#) [IN](#)

SUBJECT: CODEL HASTERT AND SONIA GANDHI DISCUSS US-INDIA  
TIES, CIV NUKE AGREEMENT

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Classified By: Ambassador David C. Mulford for Reasons 1.4 (B, D)

11. (C) Summary: In an April 12 meeting with a delegation led by Speaker of the House of Representatives Dennis Hastert (R-IL), Sonia Gandhi was particularly engaged on the status and process of passing the civil nuclear agreement in Congress. She was surprised to hear that the Representatives had not yet heard from Indian Americans in their constituencies on this issue and took on board the Congressmen's suggestions for mobilizing action by Indian-Americans at the local constituency level. Sonia's close attention to the nuclear deal reflects the high political profile that issue has attained. Her meeting with the Speaker, and Rahul Gandhi's presence, are unprecedented in our experience. End Summary.

The Process of Passing Civ Nuke Legislation

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12. (C) During an April 12 meeting with members of Speaker Hastert's Congressional delegation to India, Sonia Gandhi agreed with Speaker Hastert that the bilateral relationship has improved greatly in recent years, and moved quickly to the issue of the civil nuclear agreement. In response to Mrs. Gandhi's inquiry, Speaker Hastert told Sonia that he would like to move the legislation through the House of Representatives quickly to keep problems and delays to a minimum. Speaker Hastert assured Sonia that he would work closely with Representative Henry Hyde to answer questions on the deal and move the proposed legislation forward.

Responding to Mrs. Gandhi and Congress foreign policy convenor Karan Singh, Speaker Hastert said he hoped that the agreement would be passed by the House by late summer or early fall, observing that it was important to keep the civil nuclear issue out of election politics in October.

#### Mobilizing Indian-Americans

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13. (C) Sonia and her advisors listened attentively and took on board the Congressmen's advice that the GOI put more effort into mobilizing Indian Americans behind the civil nuclear agreement. Mrs. Gandhi seemed surprised to hear that existing efforts were not reaching the Representatives, who underscored the importance of receiving feedback from their constituents in their district offices, as opposed to Washington. The Representatives confirmed for Singh that they had not received negative mail from their constituencies, or in fact any mail at this point.

#### Managing Congressional Opinions

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14. (C) The Representatives agreed that there is bipartisan support for the US-India relationship in Congress, and Speaker Hastert assured Mrs. Gandhi that the mood in the House of Representatives is very positive regarding India and growing bilateral ties. He noted his appreciation for the Prime Minister's leadership, particularly efforts to move forward on Indo-Pakistan relations. Representative LaHood reported that President Bush is making a strong effort to convey the importance of the civil nuclear agreement by meeting with Congressmen in small groups. Speaker Hastert briefly noted that it is important for India to move

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carefully in its relationship with Iran, as this is one issue that could "hold people back." Karan Singh commented that he hoped a peaceful solution could be found to the Iran crisis.

#### Keeping US Public Opinion Positive

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15. (C) Speaker Hastert commented that Prime Minister Singh made a very good impression during his visit to the US in July 2005, and the Representatives agreed that Congress would be able to overcome public concerns about non-proliferation. However, they urged the GOI to address US economic concerns, including outsourcing, intellectual property rights, sanctity of contracts, and market access, to keep US public opinion of India positive, particularly during the Congressional campaign season. The Congressmen observed that their constituents need to see tangible benefits of US engagement with India.

#### ...And Benefiting the Indian Economy, Too

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16. (C) Representative Neugebauer conveyed the importance of lowering India's tariffs on US exports, and Representative Oxley added that the GOI could both send a message to the US and improve India's own economic outlook by pursuing reforms in the financial services sector. Deora responded favorably to this comment, asserting that Mrs. Gandhi had been a strong supporter of introducing foreign direct investment into the insurance sector, which established the FDI cap in insurance at 26 percent. Sonia commented that "we worked very hard" on that initiative. Deora agreed with Ambassador Mulford that expanding the insurance industry had positively impacted India by extending coverage and making new products available to Indian consumers, and by creating new, well-paying jobs. Karan Singh, however, suggested that the GOI would wait for passage of the civil nuclear legislation before making any additional "gestures," noting that it "is a chicken or the egg situation." Sonia concurred with Singh's assertion that the agreement would be a landmark that "opens a new vista"

for both sides.

#### Singh Raises Pakistan

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¶16. (C) Singh alleged that Pakistan is "working to scuttle the (civil nuclear) agreement." Although the Congressmen assured Singh that they had not seen any evidence of GOP lobbying on this issue, Singh urged them to "keep it at the back of your minds."

#### Bio-Notes: Sonia Confident and In Charge

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¶17. (C) Sonia Gandhi appeared to be comfortable and conversant on the topic of the civil nuclear agreement. She set the tone for the meeting by moving directly to the status of the legislation. With the task of managing an unwieldy coalition, Sonia clearly recognized the imperative of understanding the complex nuclear policy issue so that she can defend it politically. Sonia reflected positively on Prime Minister Singh, noting that he is "a man of integrity" which "can be hard to find" in politics. Gandhi added that "we all trust him" as he is "straight forward and frank."

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¶18. (C) When asked about her re-election campaign following her recent resignation from parliament, Sonia reported that it would likely take place on May 8, and that she would file her nomination papers on or about April 15. She added that Rahul Gandhi would look after the "nitty gritty" of her campaign, as she planned to travel to Rae Bareilly after campaigning on her party's behalf in state elections being held elsewhere.

#### Comment: GOI Wants Broad Ties, But Civ Nuke First

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¶19. (C) Sonia and her advisors kept the focus of their meeting with CODEL Hastert on the expected timeline for passage of the civil nuclear agreement, a focus that has been reflected in our other meetings with GOI interlocutors. Mrs. Gandhi was clearly interested in the Congressmen's suggestions of what the GOI can do to ease the civil nuclear legislation's passage, which she appeared to view as the key to a broad bilateral relationship.

¶10. (U) US participants in this meeting included Speaker of the House of Representatives Dennis Hastert (R-IL), Representatives Michael Oxley (R-OH), Sherwood Boehlert (R-NY), Frank Lucas (R-OK), Ray LaHood (R-IL), Paul Ryan (R-WI), Randy Neugebauer (R-TX), Dan Boren (D-OK), chief of staff Scott Palmer, foreign policy advisor Margaret Peterlin, Ambassador Mulford. Indian participants were Congress party President Sonia Gandhi, Former Indian Ambassador to the U.S. Karan Singh, Petroleum Minister Murli Deora, and Rahul Gandhi.

¶11. (U) CODEL Hastert cleared this cable.

¶12. (U) Visit New Delhi's Classified Website:  
(<http://www.state.sgov.gov/p/sa/newdelhi/>)

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